

Town of Evergreen, Louisiana

June 30, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1/26/11

**Town of Evergreen, Louisiana
June 30, 2010**

**Table of Contents
(Continued)**

	<u>Exhibit</u>	<u>Page</u>
Independent Auditor's Report		1-2
Basic Financial Statements		3
Government-Wide Financial Statements		4
Statement of Net Assets	A	5
Statement of Activities	B	6
Fund Financial Statements		7
Balance Sheet – Governmental Funds	C	8
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	9
Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds	E	10
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities	F	11
Statement of Net Assets – Proprietary Funds	G	12
Statement of Revenues, Expenses, and Changes in Fund Net Assets – Proprietary Funds	H	13
Statement of Cash Flows – Proprietary Funds	I	14-15
Notes to Financial Statements		16-28
	<u>Schedule</u>	
Required Supplemental Information		29
Budgetary Comparison Schedule – General Fund	1	30
Other Report Required by <i>Government Auditing Standards</i>		31
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		32-33
Schedule of Findings and Responses		34-38
Management's Corrective Action Plan		39-42
Management's Summary Schedule of Prior Audit Findings		43-44



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

Independent Auditor's Report

The Honorable Mayor and
the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Town of Evergreen's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund for the Town of Evergreen, Louisiana, as of June 30, 2010, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2010, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

MARVIN A. JONEAU, C.P.A.
ERNEST F. SASSER, C.P.A.
ROBERT W. OGDON, C.P.A.
REBECCA R. MORRIS, C.P.A.

MICHAEL A. JONEAU, C.P.A.
JAMES M. BALLARD, C.P.A.
CINDY L. HUMPHRIES, C.P.A.
DEBORAH R. OWEN, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and
the Board of Aldermen
Town of Evergreen, Louisiana

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by the missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 29 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Payne, Moore & Herrington, LLP

Certified Public Accountants

December 21, 2010

Basic Financial Statements

Government-Wide Financial Statements (GWFS)

Town of Evergreen, Louisiana
Statement of Net Assets
June 30, 2010

Exhibit A

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ 65,154	\$ 82,799	\$ 147,953
Investments	11,592	152,158	163,750
Receivables	30,895	31,967	62,862
Internal balances	42,913	(42,913)	-
Restricted cash and cash equivalents	-	63,001	63,001
Restricted investments	-	4,019	4,019
Capital assets, net of depreciation			
Nondepreciable			
Land and construction in progress	-	9,765	9,765
Depreciable			
Other capital assets, net of depreciation	182,873	2,776,674	2,959,547
Total Assets	<u>333,427</u>	<u>3,077,470</u>	<u>3,410,897</u>
Liabilities			
Accounts payable	28,992	53,222	82,214
Accrued expenses and other payables	147	4,850	4,997
Long-term liabilities			
Due within one year	-	4,000	4,000
Due in more than one year	-	89,954	89,954
Total Liabilities	<u>29,139</u>	<u>152,026</u>	<u>181,165</u>
Net Assets			
Invested in capital assets, net of related debt	182,873	2,714,743	2,897,616
Restricted for debt service	-	41,757	41,757
Unrestricted	121,415	168,944	290,359
Total Net Assets	<u>\$ 304,288</u>	<u>\$ 2,925,444</u>	<u>\$ 3,229,732</u>

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Statement of Activities
Year Ended June 30, 2010

Exhibit B

	Program Revenues				Net Revenue (Expense) and Changes in Net Assets		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-type Activities	Total
Functions/Programs	Expenses						
Governmental Activities							
General government	\$ 65,549	\$ 21,174	\$ 17,501	\$ 36,029	\$ 9,155	\$	\$ 9,155
Public safety	2,921	-	3,520	-	599		599
Total Governmental Activities	<u>68,470</u>	<u>21,174</u>	<u>21,021</u>	<u>36,029</u>	<u>9,754</u>		<u>9,754</u>
Business-type Activities							
Water	260,865	220,713	-	221,928	181,776		181,776
Sewer	56,104	28,079	-	-	(28,025)		(28,025)
Interest on long-term debt	3,460	-	-	-	(3,460)		(3,460)
Total Business-type Activities	<u>320,429</u>	<u>248,792</u>	<u>-</u>	<u>221,928</u>	<u>150,291</u>		<u>150,291</u>
Total	\$ 388,899	\$ 269,966	\$ 21,021	\$ 257,957	9,754	150,291	160,045
General Revenues							
Taxes							
Ad valorem taxes					4,634	-	4,634
Franchise and miscellaneous taxes					12,669	-	12,669
Investment earnings					693	3,650	4,343
Miscellaneous					742	-	742
Gain/(Loss) on sales and dispositions of capital assets					(500)	4,096	3,596
Transfers					4,096	(4,096)	-
Total General Revenues and Transfers					<u>22,334</u>	<u>3,650</u>	<u>25,984</u>
Change in Net Assets					32,088	153,941	186,029
Net Assets, Beginning of Year					272,200	2,771,503	3,043,703
Net Assets, End of Year					\$ 304,288	\$ 2,925,444	\$ 3,229,732

The accompanying notes are an integral part of the financial statements.

Fund Financial Statements

**Town of Evergreen, Louisiana
Balance Sheet
Governmental Funds
June 30, 2010**

Exhibit C

**General
Fund**

Assets

Cash and cash equivalents	\$ 65,154
Investments	11,592
Receivables	30,895
Due from other funds	<u>42,913</u>

Total Assets

\$ 150,554

Liabilities and Fund Balance

Liabilities

Accounts payable	\$ 29,038
Accrued expenses and other payables	<u>101</u>
Total Liabilities	29,139

Fund Balance

Unreserved	<u>121,415</u>
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Total Liabilities and Fund Balance

\$ 150,554

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2010

Exhibit D

Fund Balance - Governmental Funds

\$ 121,415

**Amounts reported for governmental activities in the Statement of
Net Assets are different because:**

Capital assets used in governmental activities are not financial
resources and, therefore, are not reported as assets in Governmental
Funds.

Cost of capital assets

415,109

Less - accumulated depreciation

(232,236)

182,873

Net Assets of Governmental Activities

\$ 304,288

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2010

Exhibit E

	General Fund
Revenues	
Taxes	\$ 17,175
Intergovernmental	23,449
Licenses and permits	14,074
Investment earnings	693
Grant contributions	36,029
Other	5,542
Total Revenues	<u>96,962</u>
Expenditures	
Current	
General government	50,189
Public safety	2,921
Capital outlay	62,876
Total Expenditures	<u>115,986</u>
Excess (Deficiency) of Revenues over Expenditures	(19,024)
Other Financing Sources (Uses)	
Transfers in	4,096
Total Other Financing Sources (Uses)	<u>4,096</u>
Net Change in Fund Balance	(14,928)
Fund Balance, Beginning of Year	<u>136,343</u>
Fund Balance, End of Year	<u>\$ 121,415</u>

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balance to the
Statement of Activities
Year Ended June 30, 2010

Exhibit F

Net Change in Fund Balance - Governmental Funds **\$ (14,928)**

Amounts reported for governmental activities in the
Statement of Activities are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the period.

Capital outlays reported in the funds	62,876		
Loss on disposal of capital assets	(500)		
Less - depreciation reported in the Statement of Activities	<u>(15,360)</u>		<u>47,016</u>

Change in Net Assets - Governmental Activities **\$ 32,088**

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Statement of Net Assets
Proprietary Funds
June 30, 2010

Exhibit G

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 75,161	\$ 7,638	\$ 82,799
Investments	128,975	23,183	152,158
Restricted cash and cash equivalents	-	7,005	7,005
Receivables	28,205	3,762	31,967
Due from other funds	13,747	-	13,747
Total Current Assets	<u>246,088</u>	<u>41,588</u>	<u>287,676</u>
Noncurrent Assets			
Restricted cash and cash equivalents	21,244	34,752	55,996
Restricted investments	4,019	-	4,019
Capital assets			
Property, plant, and equipment	2,493,353	1,679,957	4,173,310
Less-accumulated depreciation	(897,649)	(489,222)	(1,386,871)
Total Noncurrent Assets	<u>1,620,967</u>	<u>1,225,487</u>	<u>2,846,454</u>
Total Assets	<u>1,867,055</u>	<u>1,267,075</u>	<u>3,134,130</u>
Liabilities			
Current Liabilities			
Accounts payable	50,884	2,338	53,222
Accrued expenses and other payables	1,845	-	1,845
Due to other funds	35,906	20,754	56,660
Liabilities payable from restricted assets			
Accrued interest payable	-	3,005	3,005
Revenue bonds payable	-	4,000	4,000
Total Current Liabilities	<u>88,635</u>	<u>30,097</u>	<u>118,732</u>
Noncurrent Liabilities			
Liabilities payable from restricted assets			
Customer guaranteed deposits	25,263	-	25,263
Revenue bonds payable	-	34,752	34,752
Revenue bonds payable	-	29,939	29,939
Total Noncurrent Liabilities	<u>25,263</u>	<u>64,691</u>	<u>89,954</u>
Total Liabilities	<u>113,898</u>	<u>94,788</u>	<u>208,686</u>
Net Assets			
Invested in capital assets, net of related debt	1,595,704	1,119,039	2,714,743
Restricted for debt service	-	41,757	41,757
Unrestricted	157,453	11,491	168,944
Total Net Assets	<u>\$ 1,753,157</u>	<u>\$ 1,172,287</u>	<u>\$ 2,925,444</u>

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
Year Ended June 30, 2010

Exhibit H

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Operating Revenues			
Charges for services	\$ 220,713	\$ 28,079	\$ 248,792
Total Operating Revenues	220,713	28,079	248,792
Operating Expenses			
Salaries, wages, and payroll taxes	84,992	646	85,638
Legal and other professional	2,233	-	2,233
Chemicals and supplies	17,443	106	17,549
Repairs and maintenance	38,641	2,651	41,292
Insurance	18,863	-	18,863
Utilities and telephone	16,647	10,189	26,836
Depreciation	65,516	39,595	105,111
Office expense	4,340	-	4,340
Dues and subscriptions	1,189	-	1,189
Vehicle expense	5,929	-	5,929
Other expenses	5,072	2,917	7,989
Total Operating Expenses	260,865	56,104	316,969
Operating Income (Loss)	(40,152)	(28,025)	(68,177)
Nonoperating Revenues (Expenses)			
Investment earnings	3,212	438	3,650
Interest expense	-	(3,460)	(3,460)
Gain (Loss) on sale of capital assets	4,096	-	4,096
Total Nonoperating Revenues (Expenses)	7,308	(3,022)	4,286
Loss Before Contributions and Transfers	(32,844)	(31,047)	(63,891)
Capital Grants	221,928	-	221,928
Transfers In (Out)	(4,096)	-	(4,096)
Change in Net Assets	184,988	(31,047)	153,941
Net Assets, Beginning of Year	1,568,169	1,203,334	2,771,503
Net Assets, End of Year	\$ 1,753,157	\$ 1,172,287	\$ 2,925,444

The accompanying notes are an integral part of the financial statements.

Town of Evergreen, Louisiana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010

Exhibit I
(Continued)

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Cash Flows from Operating Activities			
Receipts from customers	\$ 285,429	\$ 28,227	\$ 313,656
Internal activity - payments to other funds	4,998	(4,998)	-
Payments to vendors and others	(241,703)	(14,207)	(255,910)
Payments to employees	(84,990)	(646)	(85,636)
Net Cash Provided by (Used in) Operating Activities	(36,266)	8,376	(27,890)
Cash Flows from Noncapital Financing Activities			
Transfers to other funds	(4,096)	-	(4,096)
Net Cash Used in Noncapital Financing Activities	(4,096)	-	(4,096)
Cash Flows from Capital and Related Financing Activities			
Purchase of capital assets	(209,330)	-	(209,330)
Proceeds from the sale of capital assets	4,096	-	4,096
Principal paid on revenue bonds	-	(4,000)	(4,000)
Capital grants received	221,928	-	221,928
Interest paid on revenue bonds	-	(3,635)	(3,635)
Net Cash Provided by (Used in) Capital and Related Financing Activities	16,694	(7,635)	9,059
Cash Flows from Investing Activities			
Interest received on operating funds	3,212	438	3,650
Purchase of investments	(2,292)	(399)	(2,691)
Net Cash Provided by Investing Activities	920	39	959
Net Increase (Decrease) in Cash and Cash Equivalents	(22,748)	780	(21,968)
Cash and Cash Equivalents, Beginning of Year	119,153	48,615	167,768
Cash and Cash Equivalents, End of Year	\$ 96,405	\$ 49,395	\$ 145,800

The accompanying notes are an integral part of the financial statements.

**Town of Evergreen, Louisiana
Statement of Cash Flows
Proprietary Funds
Year Ended June 30, 2010**

**Exhibit I
(Concluded)**

	Enterprise Funds		
	Water System Fund	Sewer System Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities			
Operating income (loss)	\$ (40,152)	\$ (28,025)	\$ (68,177)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	65,516	39,595	105,111
Changes in assets and liabilities			
Receivables	64,716	148	64,864
Accounts payable	(134,784)	1,656	(133,128)
Accrued expenses	143	-	143
Due to other funds	4,998	(4,998)	-
Customer guaranteed deposits	3,297	-	3,297
Net Cash Provided by (Used in) Operating Activities	\$ (36,266)	\$ 8,376	\$ (27,890)
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets			
Cash and cash equivalents	\$ 75,161	\$ 7,638	\$ 82,799
Restricted cash and cash equivalents	21,244	41,757	63,001
Cash and Cash Equivalents, End of Year	\$ 96,405	\$ 49,395	\$ 145,800

Additional required disclosure:

There were no material noncash operating, noncapital financing, or capital and related financing activities.

The accompanying notes are an integral part of the financial statements.

Notes to Financial Statements

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

1. Organization and Significant Accounting Policies

The Town of Evergreen, Louisiana, (Town) was incorporated under the provisions of the State of Louisiana Legislative Act 61, signed and dated April 23, 1872. The Town is governed by its Mayor and a Board of Aldermen consisting of five members.

The accompanying financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. GAAP includes all relevant GASB pronouncements. In the Government-Wide Financial Statements and the Fund Financial Statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails.

The accounting and reporting framework and the more significant of the Town's accounting policies are described below.

A. Financial Reporting Entity

The Town reports related organizations under the guidance of Statement No. 14 of the Governmental Accounting Standards Board. Statement No. 14 defines the primary government, and establishes the criteria for which potential component units are included in the reporting entity. Statement No. 14 defines financial accountability of the primary government as being determined on the basis of fiscal dependency, appointment of a voting majority of a governing board, ability to impose its will or potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government.

The accompanying basic financial statements include only the operations of the Town, since management has determined that there are no other organizations that meet the criteria for inclusion in the reporting entity of the Town.

B. Basis of Presentation

The accounting system is organized and operated on the basis of funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Town's funds are grouped into two broad fund categories and two generic fund types for financial statement presentation purposes. Governmental funds include the General Fund. Proprietary funds include Enterprise Funds.

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

Government - Wide Financial Statements

The Government-Wide Financial Statements, "*Statement of Net Assets*" and "*Statement of Activities*", report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support.

The Government-Wide Financial Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include reconciliations with brief explanations to better identify the relationship between the Government-Wide Financial Statements and the statements for government funds.

The Statement of Activities presents a comparison between expenses (both direct and indirect) and program revenues for each segment of the business-type activities of the Town and for each governmental program. Direct expenses are those that are specifically associated with a service, program, or department and are therefore clearly identifiable to a particular function. Indirect expenses are not allocated to governmental activities functions in the Statement of Activities. Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the program and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenue are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the Town.

Net assets are reported as restricted when constraints placed on net assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Fund Financial Statements

Fund financial statements report detailed information about the Town. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting by fund type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. For the current fiscal year ended June 30, 2010, the Town has no nonmajor funds.

C. Basis of Accounting

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable.

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

The major governmental fund is the General Fund. This fund is the Town's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund.

Revenue Recognition

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are recognized when deemed both measurable (the amount of the transaction can be determined) and available (collectible within the current period or within 60 days after year end and available to pay obligations of the current period). This includes property taxes, franchise taxes, grants, interest revenue, and charges for services. Permits and license revenue are not susceptible to accrual because generally they are not measurable until received in cash. Reimbursements due for federally and state funded projects are accrued as revenue at the time the expenditures are made, or, when received in advance, deferred until expenditures are made.

Expenditure Recognition

The measurement focus on governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs, such as depreciation, are not recognized in the governmental funds.

Proprietary Funds

All proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when earned and expenses when incurred. Allocations of costs, such as depreciation, are recorded in proprietary funds. Unbilled service receivables are recorded at each year-end.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds include charges to customers for sales and services. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, benefits paid and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The major proprietary funds of the Town are the Water System Fund and the Sewer System Fund which account for water and sewer services provided to residents of the Town.

D. Budgets and Budgetary Accounting

The budget for the General Fund is adopted on the modified accrual basis of accounting, as discussed in the governmental funds. Annual appropriated operating budgets of proposed expenditures and the means of financing them are adopted for the general fund. Budgeted amounts are as originally adopted, or as amended from time to time by the Board of Aldermen. Budgets are adopted consistent with accounting principles generally accepted in the United States of America.

**Town of Evergreen, Louisiana
June 30, 2010**

Notes to Financial Statements

E. Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts on hand and in demand deposits and money market accounts. For the purpose of the statement of cash flows, management considers all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased to be cash equivalents.

Investments represent certificates of deposit with a maturity date more than three months from the date acquired. Investments are stated at cost, which approximates market value.

Under state law, the Town may deposit funds in demand deposits (interest bearing or non-interest bearing), money market accounts, or time certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana. The Town may invest in United States bonds, treasury notes, investments as stipulated in state law, or any other federally insured investments.

F. Receivables

Receivables are charged against income as they become uncollectible. Bad debts arising from customers' utility receivables are recognized by the direct charge-off method, whereby uncollectible accounts are written off upon delinquency. At June 30, 2010, the Town considers all accounts collectible, and an allowance for doubtful accounts, if any, would be immaterial.

G. Internal Balances (Due From/To Other Funds)

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the statement of net assets and as due from/to other funds in the fund financial statements.

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

H. Restricted Assets

Certain proprietary fund assets are classified as restricted assets because their use is limited by applicable bond covenants or by Aldermen action. The assets classified as restricted represent "customers' deposits" amounts received from individuals for utility deposits, which are payable to the customers upon discontinuing service, and "debt service accounts" accumulated for debt service payments of bonds. Whenever restricted assets can be used to satisfy an obligation, the restricted assets are typically consumed before utilizing any unrestricted resources.

**Town of Evergreen, Louisiana
June 30, 2010**

Notes to Financial Statements

I. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. General capital assets are long-lived assets of the Town as a whole. When purchased, such assets are recorded as expenditures in the governmental funds.

In the Government-Wide Financial Statements, capital assets, including general capital assets, are capitalized and depreciated on a straight-line basis over their estimated useful lives. Public domain capital assets (infrastructure), which consist of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems, are capitalized. The valuation basis for capital assets is historical cost, or when historical cost is not available, estimated historical cost. Donated capital assets are valued at estimated fair value on the date of donation. The minimum capitalization threshold is any individual item with a total cost greater than \$500.

Capital assets in the proprietary funds are capitalized in the fund in which they are utilized. The valuation basis for proprietary fund capital assets are the same as those used for general capital assets. Donated assets are capitalized at estimated fair market value on the date donated.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest was capitalized during the current period.

J. Compensated Absences

The Town does not accumulate unpaid vacation, sick pay, and other employee benefit amounts because employees are not covered under any specific vacation or sick leave policy.

K. Interfund Transactions

Quasi-external transactions, if any, are accounted for as revenues or expenditures. Transactions that constitute reimbursements to a fund for expenditures, initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

L. Long-term Obligations

In the Government-Wide Financial Statements and the proprietary fund types in the Fund Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable business-type activities and proprietary fund type Statement of Net Assets.

M. Fund Equity

In the Government-Wide Financial Statements and the proprietary fund financial statements, the restrictions on net assets are limited to outside third-party restrictions.

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

N. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Cash and Cash Equivalents and Investments

At June 30, 2010, the Town had cash and cash equivalents and investments as follows:

	Governmental Activities	Business-type Activities	Totals
Cash and cash equivalents	\$ 65,154	\$ 82,799	\$ 147,953
Investments	11,592	152,158	163,750
Restricted cash and cash equivalents	-	63,001	63,001
Restricted investments	-	4,019	4,019
	<u>\$ 76,746</u>	<u>\$ 301,977</u>	<u>\$ 378,723</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the agent bank.

Custodial Credit Risk: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned. As of June 30, 2010, the Town's bank balance of \$384,201 was not exposed to custodial credit risk in that \$384,201 was insured by the FDIC insurance.

3. Receivables

Receivables as shown in the Statement of Net Assets, at June 30, 2010, consist of the following:

	Governmental Activities	Business-type Activities	Totals
Customer utility accounts			
Uncollected cycle billings	\$ -	\$ 7,076	\$ 7,076
Estimated billings between cycles	-	24,891	24,891
Taxes	2,328	-	2,328
Intergovernmental			
State of Louisiana - grant	20,000	-	20,000
Fire insurance commission	2,981	-	2,981
Casino revenue sharing	4,436	-	4,436
Grass cutting	1,150	-	1,150
	<u>\$ 30,895</u>	<u>\$ 31,967</u>	<u>\$ 62,862</u>

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

Receivables arising from utility services provided to customers consist of uncollected billings rendered customers on monthly cycle billings and estimated services provided customers between billing cycles. No allowance for doubtful accounts is recorded at June 30, 2010, as such amounts are immaterial.

4. Due From/To Other Funds and Transfers

Amounts due from and to other funds as reported in the Fund Financial Statements, at June 30, 2010, consist of the following:

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
General Fund	Water System Fund	\$ 35,906
General Fund	Sewer System Fund	7,007
Water System Fund	Sewer System Fund	<u>13,747</u>
		\$ 56,660

These balances represent charges for goods and services between funds. The balances are settled periodically. The amounts here represent activity since the last settlement.

Transfers for the year ended June 30, 2010 shown in the Fund Financial Statements were as follows:

<u>Transfers in</u>	<u>Transfers out</u>	<u>Amount</u>
General Fund	Water System Fund	\$ 4,096

The transfers are movements of money from one fund to another. These can be required by law or merely serve as a means to finance activities in the receiving fund. The transfers are not loans, i.e., the receiving fund does not pay it back.

5. Restricted Assets

At June 30, 2010, restricted assets of the Water and Sewer System Enterprise Funds consisted of cash and cash equivalents and investments as follows:

	<u>Water System</u>	<u>Sewer System</u>	<u>Total</u>
Customer guaranteed deposits	\$ 25,263	\$ -	\$ 25,263
Revenue bonds debt service	-	<u>41,757</u>	<u>41,757</u>
	\$ 25,263	\$ 41,757	\$ 67,020

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

6. Capital Assets and Depreciation

Capital asset activity for the year ended June 30, 2010, was as follows:

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Governmental Activities				
Other Capital Assets				
Buildings and improvements	\$ 206,136	\$ 36,755	\$ -	\$ 242,891
Machinery and equipment	112,097	26,121	(1,000)	137,218
Vehicles	<u>35,000</u>	<u>-</u>	<u>-</u>	<u>35,000</u>
Total Other Capital Assets	353,233	62,876	(1,000)	415,109
Accumulated Depreciation				
Buildings and improvements	(123,000)	(6,011)	-	(129,011)
Machinery and equipment	(59,376)	(9,349)	500	(68,225)
Vehicles	<u>(35,000)</u>	<u>-</u>	<u>-</u>	<u>(35,000)</u>
Total Accumulated Depreciation	<u>(217,376)</u>	<u>(15,360)</u>	<u>500</u>	<u>(232,236)</u>
Other Capital Assets, Net	<u>135,857</u>	<u>47,516</u>	<u>(500)</u>	<u>182,873</u>
Capital Assets, Net	\$ 135,857	\$ 47,516	\$ (500)	\$ 182,873

Depreciation was charged to functions as follows:

Governmental Activities	
General government	\$ 15,360

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	7 - 40 years
Machinery and equipment	5 - 20 years
Vehicles	5 years

Business-type Activities

Assets not Being Depreciated

Land	\$ 9,765	\$ -	\$ -	\$ 9,765
Construction in progress	<u>397,088</u>	<u>-</u>	<u>(397,088)</u>	<u>-</u>
Total Assets not Being Depreciated	406,853	-	(397,088)	9,765

Other Capital Assets

Plant and system	3,427,668	638,866	-	4,066,534
Furniture and fixtures	2,241	-	-	2,241
Machinery and equipment	77,850	-	(28,445)	49,405
Vehicles	<u>45,365</u>	<u>-</u>	<u>-</u>	<u>45,365</u>
Total Other Capital Assets	3,553,124	638,866	(28,445)	4,163,545

Town of Evergreen, Louisiana
June 30, 2010

Notes to Financial Statements

	Balance July 1, 2009	Increases	Decreases	Balance June 30, 2010
Accumulated Depreciation				
Plant and system	(1,229,350)	(95,188)	-	(1,324,538)
Furniture and fixtures	(2,241)	-	-	(2,241)
Machinery and equipment	(49,957)	(6,343)	28,445	(27,855)
Vehicles	(28,657)	(3,580)	-	(32,237)
Total Accumulated Depreciation	<u>(1,310,205)</u>	<u>(105,111)</u>	<u>28,445</u>	<u>(1,386,871)</u>
Other Capital Assets, Net	<u>2,242,919</u>	<u>533,755</u>	<u>-</u>	<u>2,776,674</u>
Capital Assets, Net	\$ 2,649,772	\$ 533,755	\$ (397,088)	\$ 2,786,439

Depreciation was charged to functions as follows:

Business-type Activities

Water	\$ 65,516
Sewer	39,595
Total Depreciation Expense for Business-type Activities	<u>\$ 105,111</u>

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Plant and system	5 - 50 years
Furniture and fixtures	3 - 10 years
Machinery and equipment	3 - 10 years
Vehicles	3 - 7 years

7. Long-Term Debt

The Town's long-term debt consists of utility revenue bonds whereby the Town pledges income derived from the acquired or constructed assets to pay debt service and customer guaranteed deposits. This long-term debt is reported in the business-type activities.

A summary of long-term debt, as of June 30, 2010, follows:

	Maturity Dates	Interest Rates	Business-type Activities
Business-type Activities			
Enterprise Funds			
Utilities system revenue bonds			
1983 Sewer Revenue Bonds	08/12/2023	5%	\$ 68,691
Customer guaranteed deposits			<u>25,263</u>
Totals			93,954
Current portion			<u>(4,000)</u>
Totals			\$ 89,954

**Town of Evergreen, Louisiana
June 30, 2010**

Notes to Financial Statements

During the year ended June 30, 2010, the following changes occurred in business-type activities long-term liabilities:

	Balance 07/01/09	Additions	(Reductions)	Balance 06/30/10
Business-type Activities Long-term Debt				
Revenue bonds	\$ 72,691	\$ -	\$ (4,000)	\$ 68,691
Customer guaranteed deposits	21,968	3,295	-	25,263
Totals	\$ 94,659	\$ 3,295	\$ (4,000)	\$ 93,954

	Balance 06/30/10	Due within one year	Due in more than one year
Business-type Activities Long-term Debt			
Revenue bonds	\$ 68,691	\$ 4,000	\$ 64,691
Customer guaranteed deposits	25,263	-	25,263
Totals	\$ 93,954	\$ 4,000	\$ 89,954

The annual requirements to amortize outstanding business-type activities long-term debt excluding accrued interest and customer guaranteed deposits are as follows:

Year ended June 30,	Principal Payments	Interest Payments	Total
2011	\$ 4,000	\$ 3,435	\$ 7,435
2012	4,000	3,235	7,235
2013	4,000	3,035	7,035
2014	4,000	2,835	6,835
2015	4,000	2,635	6,635
2016-2020	26,000	9,673	35,673
2021-2024	22,691	2,588	25,279
	\$ 68,691	\$ 27,436	\$ 96,127

Under the terms of the bond indenture agreement outstanding, all income and revenue of every nature, earned or derived from the operation of the sewer system are pledged and dedicated to the retirement of said bonds, and are to be set aside into the following special funds:

Bond and Interest Sinking Fund

Each month, the Town must set aside into a fund called the "Bond and Interest Sinking Fund" an amount constituting 1/12th of the next maturing installment of principal and interest on the outstanding bonds. Such transfers shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due and may only be used for such payments.

**Town of Evergreen, Louisiana
June 30, 2010**

Notes to Financial Statements

Bond Reserve Fund

Each month, there shall be set aside into a "Bond Reserve Fund" an amount equal to 5% of the amount required to be paid into the Sinking Fund during the current fiscal year until there is on deposit in the Reserve Fund an amount equal to \$8,700. Such amounts may be used only for the payment of maturing bonds and interest coupons for which sufficient funds are not on deposit in the Bond and Interest Sinking Fund and as to which there would otherwise be default.

Contingency Fund

Each month, there shall be set aside into a "Contingency Fund" an amount equal to \$34. Money in this fund shall be used for depreciation, extension, improvements, and replacements to the system, which are necessary to keep the system in operating condition. Money in this fund may also be used to pay the principal and interest payments on bonds maturing at any time for which there is not sufficient money for payment in the other bond funds.

The Town was not in compliance with all significant limitations and restrictions in the bond indentures at June 30, 2010 in that the required October 2009 payments in both the Bond and Interest Sinking Fund and the Contingency Fund were not made.

8. Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property located within the parish as of January 1 of each year. Taxes are levied normally in November and actually billed to the taxpayer during the same month. Billed taxes become delinquent on January 1 of the following year. These taxes are billed using the assessed values determined by the tax assessor of Avoyelles Parish. Assets are recognized when an enforceable legal claim has arisen or when resources are received, whichever is first. Revenues from ad valorem taxes are budgeted in the year billed and recognized in the period that the taxes are levied.

For the year ended June 30, 2010, taxes of 5.87 mills were levied on property with assessed values totaling \$808,970.

9. Utility Revenues Pledged

The Town has pledged future sewer customer revenues, net of specified operating expenses, excluding depreciation and including investment earnings to repay \$68,691 in sewer system revenue bonds issued in June 1983. Proceeds from the bonds provided financing for the construction of sewer stations for the Town. The bonds are payable solely from sewer customer net revenues and are payable through fiscal year ending June 30, 2024. Annual principal and interest payments on the bonds are expected to require less than 92 percent of net revenues. The total principal and interest remaining to be paid on the bonds is \$96,127. Principal and interest paid for the current year and total customer net revenues were \$7,635 and \$8,299, respectively.

**Town of Evergreen, Louisiana
June 30, 2010**

Notes to Financial Statements

10. Compensation of Elected Officials

In accordance with the requirements of the Office of the Legislative Auditor, State of Louisiana, the following report reflects compensation paid to the Mayor and the Board of Aldermen, for the fiscal year ended June 30, 2010.

Mayor John Armand	\$ 3,307
Board of Aldermen	
Wanda Clark	661
Kenneth Thompson	220
Heather Juneau	661
Michelle Dupuy	386
Kathy Joffrion	661

11. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by participation in a public entity risk pool that operates as a common insurance program and by commercial insurance coverage. Claims resulting from these risks have historically not exceeded insurance coverage.

The Town covers all other losses, claim settlements, and judgments from General Fund resources. The Town currently reports all of its risk management activities in its General Fund. Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated.

The Town has not been named as a defendant in any lawsuits as of June 30, 2010.

Required Supplemental Information

**Town of Evergreen, Louisiana
Budgetary Comparison Schedule
General Fund
Year Ended June 30, 2010**

				Schedule 1
				Variance with Final Budget Positive (Negative)
		Budgeted Amounts		
	Original	Final	Actual	
Revenues				
Taxes	\$ 18,800	\$ 19,800	\$ 17,175	\$ (2,625)
Intergovernmental	23,600	24,200	23,449	(751)
Licenses and permits	17,000	9,500	14,074	4,574
Investment earnings	700	700	693	(7)
Grant contributions	-	18,050	36,029	17,979
Other	5,900	10,300	5,542	(4,758)
Total Revenues	66,000	82,550	96,962	14,412
Expenditures				
Current				
General government	53,850	55,275	50,189	5,086
Public safety	-	-	2,921	(2,921)
Capital outlay	-	-	62,876	(62,876)
Total Expenditures	53,850	55,275	115,986	(60,711)
Excess (Deficiency) of Revenues over Expenditures	12,150	27,275	(19,024)	(46,299)
Other Financing Sources				
Transfers in	-	-	4,096	4,096
Net Change in Fund Balance	12,150	27,275	(14,928)	(42,203)
Fund Balance, Beginning of Year	136,343	136,343	136,343	-
Fund Balance, End of Year	\$ 148,493	\$ 163,618	\$ 121,415	\$ (42,203)

The accompanying notes are an integral part of the financial statements.

**Other Report Required by
*Government Auditing Standards***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

Established 1946

**Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based
on an Audit of Financial Statements Performed in Accordance
With Government Auditing Standards**

The Honorable Mayor and
the Board of Aldermen
Town of Evergreen, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Evergreen, Louisiana, as of and for the year ended June 30, 2010, which collectively comprise the Town of Evergreen, Louisiana's basic financial statements and have issued our report thereon dated December 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Evergreen, Louisiana's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Evergreen, Louisiana's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town of Evergreen, Louisiana's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and responses, we identified deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

MARVIN A. JUNEAD, C.P.A.
ERNEST F. SASSER, C.P.A.
ROBERT W. DYORAK, C.P.A.
REBECCA D. MORRIS, C.P.A.

MICHAEL A. JUNEAD, C.P.A.
JAMES H. BALLARD, C.P.A.
CINDY L. HOMPRIES, C.P.A.
DEBORAH R. DUNN, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

The Honorable Mayor and
the Board of Aldermen

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and responses as Finding 2010-01, Finding 2010-04, and Finding 2010-05 to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as Finding 2010-02 to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Evergreen, Louisiana's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as Finding 2010-03, Finding 2010-06 and Finding 2010-07.

The Town of Evergreen, Louisiana's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Town of Evergreen, Louisiana's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Mayor, Board of Aldermen, management of the Town of Evergreen, Louisiana, and the Legislative Auditor's office of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants

December 21, 2010

Schedule of Findings and Responses

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2010**

Part I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unqualified		
Internal control over financial reporting:			
Material weaknesses identified?	<u> X </u>	Yes	<u> </u> No
Significant deficiencies identified that are not considered to be material weaknesses?	<u> X </u>	Yes	<u> </u> None reported
Noncompliance material to the financial statements?	<u> X </u>	Yes	<u> </u> No
<i>Management's Corrective Action Plan</i>	See Attached		
<i>Management's Summary Schedule of Prior Audit Findings</i>	See Attached		
<i>Memorandum of Other Comments and Recommendations</i>	None Issued		

Federal Awards

Not applicable.

Part II - Findings Relating to the Financial Statements which are Required to be Reported Under Government Auditing Standards

Finding 2010-01 Financial Statement Preparation

Criteria: An appropriate and effective system of internal control over financial reporting includes controls over preparation of the financial statements which would prevent or detect a misstatement in the financial statements.

Condition and Context: The Town of Evergreen does not have personnel with the technical accounting expertise to prepare GAAP financial statements including footnote disclosures.

Cause and Effect: Due to cost effectiveness, auditor assistance is required for preparation of the financial statements and the related notes.

Recommendation: No action is recommended.

Management's Response: See Management's Corrective Action Plan.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2010**

Finding 2010-02 Utility Customer Deposits

Criteria: A proper financial accounting system should include the reconciliation of subsidiary listings to the general ledger to provide for accurate reporting of the Town's financial transactions.

Condition and Context: During the current period, the Town entered utility customer deposits in the utility billing software; however, no subsidiary report of these customer deposits was developed to reconcile with the general ledger.

Cause and Effect: Failure to develop a utility customer deposit subsidiary listing provides for an ineffective audit trail.

Recommendation: We recommend that the Town generate a monthly utility customer deposit subsidiary report from the utility billing software and reconcile that report with the general ledger control account.

Management's Response: See Management's Corrective Action Plan.

Finding 2010-03 Compliance with Sewer Revenue Bond Covenants

Criteria: The sewer revenue bonds have certain covenants that must be strictly followed. In the case of the sewer bond and interest sinking fund, deposits must be made monthly equaling 1/12th of the total payment to be made for that year. The sewer contingency fund requires a monthly deposit of \$34.

Condition and Context: The Town failed to make the October 2009 payments in both the sewer bond and interest sinking fund and the sewer contingency fund.

Cause and Effect: The Town did not follow the required sewer revenue bond covenants.

Recommendation: We recommend that the Town follow all covenants required by the sewer revenue bonds.

Management's Response: See Management's Corrective Action Plan.

Finding 2010-04 Controls over Recording of Current Year Grant Income and Expenses

Criteria: All receipts and disbursements must be appropriately recorded in the general ledger to ensure that all records are accurate.

Condition and Context: The Town opened a checking account to receive and disburse LCDBG funds and subsequently never recorded any of the receipts or disbursements in the general ledger system.

Cause and Effect: The failure to properly record receipts and disbursements provides an increased risk for potential inaccurate and improper financial reporting.

Recommendation: We recommend that the Town record all receipts and disbursements for all activities that relate to the Town's financial responsibility.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2010**

Management's Response: See Management's Corrective Action Plan.

Finding 2010-05 Segregation of Duties over Cash Receipts

Criteria: Adequate controls over accountability for cash resources includes procedures to provide for checks and balances in the receiving and recording of cash collections. Such procedures include the segregation of the responsibilities for collections and deposit preparation functions separate from those for recording cash receipts and general ledger entries.

Condition and Context: There is a lack of segregation of duties over cash receipts in that the same person handles incoming receipts, prepares the deposits, posts receipts to customer accounts and to the general ledger, and receives and reconciles the monthly bank statement.

Cause and Effect: Due to the small size of the Town's office staff there is a lack of segregation of cash receipts duties.

Recommendation: We recommend that the Mayor or a board member receive and review the bank statements before turning them over to the bookkeeper to prepare the bank reconciliation. The Mayor or board member should also review the reconciliations after they are prepared.

Management's Response: See Management's Corrective Action Plan.

Finding 2010-06 Compliance with Louisiana Local Government Budget Act

Criteria: The Louisiana Local Government Budget Act requires the adoption of a budget amendment when total actual revenues and other sources within a fund are failing to meet total budgeted revenues and other sources by five percent or more or when total actual expenditures and other uses within a fund are failing to meet total budgeted expenditures and other uses by five percent or more.

Condition and Context: For the year ended June 30, 2010, the Town's actual General Fund expenditures exceeded total budgeted expenditures and other uses by more than five percent.

Cause and Effect: The Town did not appropriately follow the guidelines contained in the Louisiana Local Government Budget Act regarding adoption and amendment of their budget resulting in noncompliance.

Recommendation: We recommend that the Town comply with the Louisiana Local Government Budget Act.

Management's Response: See Management's Corrective Action Plan.

Finding 2010-07 Compliance with the Louisiana Accounting Records Law

Criteria: The Louisiana Local Government Accounting Records Law (LSA-RS 24:514) requires the Town to prepare annual financial statements in accordance with generally accepted accounting principles. Generally accepted accounting principles require that all transactions be recorded in the general ledger at the time of the transaction.

**Town of Evergreen, Louisiana
Schedule of Findings and Responses
Year Ended June 30, 2010**

Condition and Context: For the year ended June 30, 2010, the Town's LCDBG receipts and disbursements were not recorded in the general ledger system.

Cause and Effect: The Town did not appropriately follow the guidelines contained in the Louisiana Government Accounting Records Law regarding the recording of transactions on a timely basis.

Recommendation: We recommend that the Town comply with the Louisiana Accounting Records Law.

Management's Response: See Management's Corrective Action Plan.

Part III – Findings and Questioned Costs for Federal Awards

Not Applicable.

Management's Corrective Action Plan

**Town of Evergreen, Louisiana
Management's Corrective Action Plan
Year Ended June 30, 2010**

The Town of Evergreen, Louisiana, respectfully submits the following corrective action plan for the year ended June 30, 2010.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P. O. Box 13200
Alexandria, LA 71315-3200
(318) 443-1893

Auditee Contact Person: John Armand, Mayor
Town of Evergreen, Louisiana
P.O. Box 85
Evergreen, LA 71333
(318) 346-9844

Audit period: July 1, 2009 through June 30, 2010

The findings from the Schedule of Findings and Responses are discussed below. The findings are numbered consistently with the number assigned in the Schedule.

Finding 2010-01 Financial Statement Preparation

Condition and Context: The Town of Evergreen does not have personnel with the technical accounting expertise to prepare GAAP financial statements including footnote disclosures.

Recommendation: No action is recommended.

Action taken: No action is necessary.

Finding 2010-02 Utility Customer Deposits

Condition and Context: During the current period, the Town entered utility customer deposits in the utility billing software; however, no subsidiary report of these customer deposits was developed to reconcile with the general ledger.

Recommendation: It is recommended that the Town generate a monthly utility customer deposit subsidiary report from the utility billing software and reconcile that report with the general ledger control account.

Action taken: The Town will generate a monthly utility customer deposit subsidiary report from the utility billing software and reconcile that report with the general ledger control account. The Town will maintain a bookkeeping system to properly track the receipt and repayment of utility customer deposits.

Finding 2010-03 Compliance with Sewer Revenue Bond Covenants

Condition and Context: The Town failed to make the October 2009 payments in both the sewer bond and interest sinking fund and the sewer contingency fund.

Recommendation: It is recommended that the Town follow all covenants required by the sewer revenue bonds.

**Town of Evergreen, Louisiana
Management's Corrective Action Plan
Year Ended June 30, 2010**

Action taken: The Town will ensure that all future sewer bonds payments are made in a timely manner.

Finding 2010-04 Controls over Recording of Current Year Grant Income and Expenses

Condition and Context: The Town opened a checking account to receive and disburse LCDBG funds and subsequently never recorded any of the receipts or disbursements in the general ledger system.

Recommendation: We recommend that the Town record all receipts and disbursements for all activities that relate to the Town's financial responsibility.

Action taken: Future grant monies will all be recorded in the general ledger.

Finding 2010-05 Segregation of Duties over Cash Receipts

Condition and Context: There is a lack of segregation of duties over cash receipts in that the same person handles incoming receipts, prepares the deposits, posts receipts to customer accounts and to the general ledger, and receives and reconciles the monthly bank statement.

Recommendation: It is recommended that the Mayor or a board member receive and review the bank statements before turning them over to the bookkeeper to prepare the bank reconciliation. The Mayor or board member should also review the reconciliations after they are prepared.

Action taken: The Mayor will meet monthly with the Town Clerk to review all monthly bank reconciliations prepared by the Town Clerk.

Finding 2010-06 Compliance with Louisiana Local Government Budget Act

Condition and Context: For the year ended June 30, 2010, the Town's actual General Fund expenditures exceeded total budgeted expenditures and other uses by more than five percent.

Recommendation: We recommend that the Town comply with the Louisiana Local Government Budget Act.

Action Taken: The Town will comply with the Louisiana Local Government Budget Act. The Town will monitor and written notification will be provided by the chief executive officer to the governing authority when actual revenues and other financing sources or expenditures and other financing uses fail to meet budgeted revenues and other financing sources or expenditures and other financing uses by five percent or more.

**Town of Evergreen, Louisiana
Management's Corrective Action Plan
Year Ended June 30, 2010**

Finding 2010-07 Compliance with the Louisiana Accounting Records Law

Condition and Context: For the year ended June 30, 2010, the Town's LCDBG receipts and disbursements were not recorded in the general ledger system.

Recommendation: We recommend that the Town comply with the Louisiana Accounting Records Law.

Action Taken: In the future, the Town will comply with the Louisiana Accounting Records Law.

**Town of Evergreen, Louisiana
Management's Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010**

Finding 2009-01 Financial Statement Preparation

Condition and Context: The Town of Evergreen does not have personnel with the technical accounting expertise to prepare GAAP financial statements including footnote disclosures.

Current Status: Unresolved. See Finding 2010-01.

Finding 2009-02 Utility Customer Deposits

Condition and Context: During the current period, the Town entered utility customer deposits in the utility billing software; however, no subsidiary report of these customer deposits was developed to reconcile with the general ledger.

Current Status: Unresolved. See Finding 2010-02.

Finding 2009-03 Payroll Recordkeeping

Condition and Context: The Town does not maintain individual employee personnel files with the appropriate income tax withholding forms and forms I-9.

Current Status: Resolved.

Finding 2009-04 Controls over Recording of Current Year Grant Income and Expenses

Condition and Context: The Town opened a new checking account to receive and disburse LCDBG funds and subsequently never recorded any of the receipts or disbursements in the general ledger system.

Current Status: Unresolved. See Finding 2010-04.

Finding 2009-05 Segregation of Duties over Cash Receipts

Condition and Context: There is a lack of segregation of duties over cash receipts in that the same person handles incoming receipts, prepares the deposits, posts receipts to customer accounts and to the general ledger, and receives and reconciles the monthly bank statement.

Current Status: Unresolved. See Finding 2010-05.

**Town of Evergreen, Louisiana
Management's Summary Schedule of Prior Audit Findings
Year Ended June 30, 2010**

Finding 2009-06 Compliance with Louisiana Local Government Budget Act

Condition and Context: For the year ended June 30, 2009, the Town's actual General Fund expenditures failed to meet total budgeted expenditures and other uses by more than five percent.

Current Status: Unresolved. See Finding 2010-06.

Finding 2009-07 Compliance with the Louisiana Accounting Records Law

Condition and Context: For the year ended June 30, 2009, the Town's LCDBG receipts and disbursements were not recorded in the general ledger system.

Current Status: Unresolved. See Finding 2010-07.